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Diana T Fritz 03/29/2007 02:25:42 PM From DB/Inbox: Diana T Fritz

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UNCLAS ABU DHABI 00524

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RHMFIUU/FBI WASHINGTON DC
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UNCLAS SECTION 01 OF 02 ABU DHABI 000524

SIPDIS

TREASURY FOR U/S LEVEY, A/S POBRIEN, DAS DGLASER, RLOEFFLER
NSC FOR JZARATE
FINCEN FOR JEL-HINDI
STATE FOR NEA/ARP TREUTER, DBAGWELL
OFAC FOR ASZUBIN
FBI FOR TFOS MMOREHART, FWAIKHART
DHS FOR MMIDDLETON, JGALLION

E.O. 12958: N/A
TAGS: [PREL](#) [KTFN](#) [ECON](#) [PTER](#) [AE](#)
SUBJECT: UAE HOSTS 4TH INTERNATIONAL HAWALAS CONFERENCE

¶1. (U) Summary. On March 18 and 19, 2007, at the Fourth International Conference on Hawalas the UAE Central Bank (CB) stressed the importance to poor workers of hawalas, and the need to regulate without being overly burdensome and expensive. In the UAE there are 215 registered Hawaladars, each whom needs a certificate from the CB to maintain bank accounts. The CB reported that it received over 700 reports from the registered hawalas but provided no analysis of this data. The CB noted these confidential reports were subject to law enforcement scrutiny and the CB will close accounts. However, the CB has not imposed more stringent requirements on hawaladars in order to encourage their registration. Also during the conference Cynthia Oberg (AUSA) and Matt Meyer (FBI) presented their hawaladars investigation and Jamal El-Hindi (FinCEN) explained the objectives of US regulations on hawalas. End summary.

¶2. (U) On March 18 and 19, 2007, the UAE CB hosted its Fourth International Conference on Hawalas (informal money remittance systems). There were over thirty presenters who discussed the current regulatory environment for hawalas, the pitfalls of over-regulating hawalas, the challenges for law enforcement, and the importance of interagency coordination

between regulators and law enforcement. CB Governor Sultan bin Nasser Al-Suweidi opened the conference by highlighting the importance of hawalas for poor migrant workers, and stressing that regulations should prevent misuse without being too restrictive or expensive to implement.

13. (U) The CB gave a report on hawalas in the UAE. In the UAE, registered hawaladars can hold accounts with whatever banks they choose but they must have a certificate from the CB to keep the account open. The CB reported that, so far, 250 entities have applied with the CB to register as hawaladars and 215 have been registered as hawaladars in the UAE. The CB also reported that they have received over 700 quarterly reports from the registered hawaladars. Central Bank officials reported that they review all the reports that come in and question the hawaladars about any suspicious transactions. However, they did not provide any analysis of the 700 reports that they had received and did not report that the registered hawaladars had filed any STRs. (Note. The 700 reports seems to demonstrate that the hawalas are not all reporting, at least quarterly, as they are required. As of January 2005 there were 128 registered hawalas and if just these hawalas were reporting there would be over 1000 reports. End note.) The CB also noted that the data provided by hawaladars was confidential and that no one but the CB will review the data. However, the confidentiality is subject to the Anti-Money Laundering Law, and law enforcement can request information on the hawaladars and the CB has the power to "investigate and dismantle" and refer the issue to judicial authorities (Comment. We know of no case where UAE authorities investigated or shut down a hawaladar. End comment.)

14. (U) Regarding concerns over the lack of control over the hawaladars, Abdulrahim Al-Awadi, Head of the Anti-Money Laundering and Suspicious Cases Unit (AMLSCU) noted that if a hawaladar fails to register the CB will close its bank accounts. Additionally, banks must still file STRs if they see suspicious activity in a hawaladar account. When asked if the hawaladars needed compliance officers, Al Awadi responded that the more stringent regulations and requirements for hawalas will come later and that if the CB imposed all the regulations now it would drive the hawaladars underground.

USG Presentations - FBI/DOJ and FinCEN

15. (U) Cynthia Oberg, Assistant United States Attorney in the Eastern District of Michigan, and Matthew R. Meyer, Special Agent with the Federal Bureau of Investigation, made a thorough presentation detailing their prosecution of the case US v. Omian, Wassil et al. Mrs. Oberg and Mr. Meyers successfully prosecuted an unregistered and unlicensed hawaladar in Michigan who moved over 10 million dollars and used accounts to launder narcotics proceeds, perpetrate visa and naturalization fraud while concealing personal income in order to qualify for state and federal aid. The presentation demonstrated succinctly how hawalas can be abused and the necessity for regulation and careful scrutiny.

16. (U) In his presentation Jamal El- Hindi, the Associate Director for Regulatory Policy and Programs of FinCEN stated that the objectives of US regulations with regard to hawalas were not to disrupt them and the population they serve but to ensure compliance with money laundering regulations and to take action if corrective measures are not taken by the money service business (MSB) (Note. Hawalas are regulated as MSBs in the US. End note.)

17. (U) Post would like to thank Mr. El Hindi, Mrs. Oberg and Mr. Meyer for their participation in the Hawalas conference. Most of the presentations will be available at the UAE CB website at www.centralbank.ae/Hawala/hawala2007.php.
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